

EMPLOYMENT CONTRACT

THIS AGREEMENT made effective the 1st day of April 2011

BETWEEN:

ALBERTA HEALTH SERVICES
(also referred to as "AHS" or "the Employer")

- and -

DR. CHRIS EAGLE
(also referred to as "the Employee")

WHEREAS AHS is responsible for the provision of health services throughout Alberta;

AND WHEREAS AHS has agreed to retain the services of Dr. Chris Eagle in the capacity of President and Chief Executive Officer;

AND WHEREAS the parties have agreed to enter into a contract of employment and the execution of this agreement was contemplated by the parties to formalize the terms and conditions of his employment relationship;

NOW THEREFORE in consideration of the material advantages accruing to both the Employee and AHS, the parties agree as follows:

TERM

1. The employment relationship created by this agreement be for a five (5) year term commencing April 1, 2011 and shall terminate on March 31, 2016 (the "Termination Date") unless changed pursuant to section 2, or terminated pursuant to sections 29, 31 or 35.
2. The Termination Date may be changed by mutual written agreement of the parties. If the parties have not agreed in writing to an extension within four (4) months before the Termination Date, they are each entitled to consider that this agreement will end on the Termination Date and act accordingly.

3. Nothing in section 1 and 2 precludes or restricts either party from using its respective termination rights as described herein. That is, either party is free to rely upon the termination provisions of this agreement at any time prior to the Termination Date, or during any extension period.

POSITION AND DUTIES

4. The Employee will be employed in the position of President and Chief Executive Officer and will report to and accept instructions from the Board of AHS (the "Board"), through the Chair of the Board (the "Chair").
5. The parties agree that this position is a managerial position, which from time to time and as necessary will require the Employee's services beyond normal working hours without additional compensation, overtime pay or time in lieu thereof.
6. The Employee shall, at all times, faithfully, industriously and to the best of his ability perform all duties and functions required of him in a professional manner and to the satisfaction of the Employer. The Employee shall provide timely and good quality work, always acting in a competent, trustworthy and loyal fashion.
7. The Employee's duties are set out in the Position Description attached as "Schedule A" to this agreement. The duties referenced in Schedule A may be changed by the Board acting reasonably as it deems necessary from time to time.
8. The Employee agrees to operate within the bylaws, policies, practices, procedures, regulations and guidelines established by the Employer, as changed or amended from time to time, except where they contradict the express terms of this agreement.
9. The Employer and Employee acknowledge for the period of April 1, 2011 to December 31, 2011, the secondment agreement dated November 22, 2004, as amended, between the University of Calgary, the Employer and the Employee will continue ("the Secondment Agreement"). The Employee agrees to resign from his employment with the University of Calgary on December 31, 2011 and the Secondment Agreement shall then terminate. Nothing within this paragraph affects the Employer's rights pursuant to paragraphs 29, 31 or 35 and furthermore, if this agreement is terminated prior to December 31, 2011 by either party, then the Secondment Agreement shall terminate concurrently and the Employee will revert to his employment relationship with the University of Calgary.
10. Except as agreed by the Employer and the Employee in writing, he will devote his full working time and attention to the business and affairs of AHS and, in particular, to the carrying out of his employment duties and obligations. For greater clarity, notwithstanding paragraph 11, the Employer agrees that the Employee can continue his appointments as an adjunct professor at the University of Victoria, the University of Alberta, and following the end of the Secondment Agreement, at the University of Calgary ("the Appointments") so long as the Appointments do not obligate him to commit any time and he does not receive any compensation for the Appointments.

11. The Employee agrees to avoid any external commitments that interfere with his obligations to the Employer or that constitute a potential, perceived or real conflict of interest. The Employee further agrees to refrain from publicly communicating opinions in conflict with those of the Employer.

COMPENSATION

12. The Employee will receive base salary of \$580,000.00 ("Base Salary") per annum, less lawful deductions at source. The Base Salary will be paid in accordance with the Employer's customary practices.
13. For the period of April 1, 2011 to December 31, 2011, the Employee's Base Salary will be adjusted accordingly to account for compensation and other benefits received by the Employee from the University of Calgary by way of the Secondment Agreement.
14. In addition to the Employee's annual Base Salary, the Employee is entitled to receive pay at risk of between 0 to 25% of his annual Base Salary ("Pay at Risk"). Receipt of Pay at Risk is dependent upon successful achievement of annual performance targets as set by the Board for both AHS as an organization and the Employee personally. For greater clarity, the quantum of Pay at Risk is variable, depending on the degree to which performance expectations have been met.
15. The Employee will be rated by the Board against his annual performance targets and the Board will approve the Pay at Risk amount. This amount will be paid to the Employee in the form of a lump sum, within thirty (30) calendar days of the receipt of the receipt of the opinion of the Auditor General of Alberta regarding the Employer's financial statements for the prior fiscal year which opinion does not contain any material qualifications.
16. Performance targets will be established annually and mutually agreed to by the Board and the Employee acting reasonably. For the first year of employment, the Employee's annual performance targets will be established and agreed upon with the Board within one hundred (100) days of the execution of this agreement.

BENEFITS

17. The Employee shall participate in, and be entitled to, employment benefits consistent with the benefit package in effect for the Employer's executive staff. Such benefits will include five (5) paid Personal Leave Days (38.75 hours) per year (April 1st to March 31st) in recognition of additional time contributed and flexible schedules of work. These Personal Leave Days cannot be carried over from year to year or paid out and upon termination of this agreement for any reason will not be paid out.
18. The scope of the benefit coverage shall be as determined by the Employer from time to time. The Employer expressly reserves the right to change carriers, plans or policies, or amend or terminate coverage, as it deems appropriate. Where coverage

is in force, the Employer's obligations do not extend to guaranteeing payment of claims under any particular plan or policy. The provisions of the policies and plans shall govern with respect to eligibility, plan administration and benefits provided.

19. Commencing April 1, 2011 the Employee's participation in the Supplemental Executive Retirement Program ("SERP") shall end and he shall be entitled to the same options related to the treatment of the accumulated value of his SERP as provided to all other participants in the SERP. For the duration of the Secondment Agreement, he will be entitled to participate in the pension plan provided by the University of Calgary and the Employer's Supplemental Pension Plan ("SPP"), in accordance with the applicable terms of the plans. Commencing at the end of the Secondment Agreement, the Employee shall participate in the Local Authorities Pension Plan ("LAPP") and the SPP in accordance with the applicable terms of the plans. Contributions made to the LAPP and SPP shall be based on the Employee's Base Salary and will not account for any Pay at Risk.
20. The Employee will have an annual professional development allowance of \$10,000.00 available to be used for the payment of personal education courses, seminars and other professional development activities consistent with an agreed personal development plan prepared by the President and Chief Executive Officer and approved by the Chair. The Employee must provide receipts, statements or vouchers to AHS prior to reimbursement of professional development expenses.
21. The Employee will have a further annual allowance of \$10,000.00 available to be used for personal, financial and tax advice, club memberships and other similar purposes. The Employee must provide receipts, statements or vouchers to AHS prior to reimbursement of these expenses.

VACATION

22. The Employee is entitled to six (6) weeks of paid annual vacation.
23. The timing of the annual vacation will be as mutually agreed in advance between the Employee and the Chair, but in the event agreement cannot be reached, the Employer retains the right to unilaterally establish the vacation period or periods.
24. There will be no carry-over of vacation entitlements from year to year unless prior authorization in writing has been obtained from the Chair.
25. Upon termination of the employment relationship for any reason the Employee is entitled to payout of any accrued, but untaken, vacation entitlement.

VEHICLE

26. The Employee is entitled to an annual taxable vehicle allowance of \$12,000.00 payable at a rate of \$1,000.00 monthly.

27. All expenses concerning the ownership, operation and maintenance of the vehicle, whether leased or owned, shall be the responsibility of the Employee.

BUSINESS EXPENSES

28. The Employee is entitled to reimbursement of business expenses incurred while on authorized AHS business, provided such claims are supported by relevant receipts and documentation, are submitted in a timely fashion and comply with applicable AHS policies and budgetary limits.

TERMINATION

29. The Employer may terminate this agreement and the Employee's employment at any time for just cause. In such circumstances, the Employee is entitled to only his earned Base Salary and other accrued entitlements to the date of termination, less any appropriate deductions and sets-offs. Upon such payment, the Employee shall have no further claim against the Employer, under this agreement or otherwise, for the termination.
30. Notwithstanding section 14 and 15, upon termination of the employment relationship under section 29, the Employee is not entitled to any amount of Pay at Risk for the fiscal year in which termination is effective. In other circumstances of termination, the Employee is entitled to a proportionate amount of Pay at Risk for the months worked within that fiscal year, based on the prior year's Pay at Risk amount, or if termination occurs in the first year of this agreement, then in an amount to be determined by the Board, acting reasonably.
31. The Employer may terminate this agreement and the Employee's employment at any time without just cause. In such circumstances, the Employee shall receive his earned Base Salary and other accrued entitlements to the date of termination less any appropriate deductions and sets-offs. In addition, the Employer will pay the Employee termination pay (severance) equal to the lesser of:
- a) a lump sum payment equivalent to his Base Salary for 12 months; or
 - b) a lump sum payment equivalent to his Base Salary for the balance of the Term;
32. In the event of termination under paragraph 31, the Employee shall also be paid an additional 15% of the severance in lieu of all other benefits. For greater clarity, this 15% lump sum payment is inclusive of any entitlement to vehicle allowance, personal annual allowance, personal development allowance and pension.
33. The parties expressly acknowledge that the payments set out in paragraphs 31 and 32 above constitutes the agreed-upon payment in lieu of reasonable notice when the Employee is terminated without just cause and will be paid to the Employee within 30 days of the termination of this agreement, and upon such payment, the Employee

shall have no further claim against the Employer, under this agreement or otherwise, for the termination.

34. The Employee may terminate this agreement, and his employment upon first giving a minimum of six (6) months written notice. At the conclusion of the notice period, during which time the Employee shall be paid in accordance with this agreement, the Employer will have no further obligations to the Employee.
35. This agreement, the Employee's employment and all obligations of the Employer to the Employee will also cease upon:
 - a) The Employee's death;
 - b) The Employee's permanent incapacity to perform the essential functions of the position, as determined by the Employer and a duly qualified physician selected by the Employer;
 - c) Dissolution or disestablishment of the Employer, which shall be deemed to constitute termination without just cause triggering severance under paragraphs 31 and 32, unless:
 - i. the operations of the Employer are carried on by a successor entity;
 - ii. this agreement is assigned by the Employer to that successor entity; and
 - iii. the successor entity fully assumes and agrees to be bound by the Employer's obligations in this agreement;
 - d) Mutual agreement in writing; or
 - e) The Termination Date, as may be amended in accordance with this agreement.

CONFIDENTIALITY

37. The Employee acknowledges that he is in a fiduciary relationship and position of trust with AHS. The Employee further acknowledges that through the employment responsibilities, he will acquire confidential information and data concerning the operations of the Employer.
38. The Employee further acknowledges that the disclosure of such confidential information would be detrimental to the legitimate interests of AHS and that AHS is therefore entitled to protect its proprietary interest in such confidential information.
39. The obligations of confidentiality and non-disclosure shall continue in effect indefinitely. In the event of the Employee's breach or threatened breach, the Employer shall be entitled to all legal remedies including seeking both temporary and permanent injunctive relief and withholding any payments otherwise due under this agreement.

40. The Employee therefore agrees that he will not, during his employment with AHS, or thereafter, divulge, communicate or otherwise disclose to any person or body any such confidential information or use such confidential information for purposes inconsistent with the interests of AHS.
41. This confidentiality obligation does not apply to:
- a) information within the public domain;
 - b) information disclosed in compliance with any applicable statute or regulation, or as compelled by a governing court or quasi-judicial body;
 - c) information disclosed where authorized by the Employer;
 - d) information whose disclosure or use is legitimately required to fulfill the Employee's employment duties on behalf of the AHS; or
 - e) information disclosed to the Employee's financial and legal advisors in the seeking of advice for the purposes of protecting or advancing his personal rights in conflict with the Employer, on the express condition that said advisors maintain the confidentiality thereof.

GENERAL

42. This agreement constitutes the entire agreement between the Employee and AHS concerning his employment relationship. It supersedes any and all other agreements or contracts, whether verbal or written, between the parties. The Employee further acknowledges that there are no promises or representations made to him apart from obligations of the Employer expressly set out in this agreement.
43. This agreement was negotiated freely and voluntarily and the Employee acknowledges that he has had a reasonable opportunity to seek independent legal advice with respect to this agreement and its terms.
44. The Employee agrees to immediately return to the Employer, upon termination of the employment relationship for any reason, all business documents, records, files, computer disks, software products, equipment and all other property of the Employer, including copies of any items.
45. This agreement may be amended at any time by mutual agreement of the parties in writing.
46. The invalidity, or unenforceability, of any term of this agreement shall be severable from, and shall not affect enforceability of, the remainder of this agreement.
47. This agreement shall be interpreted and governed by the laws in force in the Province of Alberta. The Parties hereby irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta.

48. This agreement may be executed in counterparts, each of which is deemed to be an original but all of which taken together shall constitute one agreement, notwithstanding that both parties are not signatory to the same counterpart.